

Conditions of Japanese Economy and Politics in the Beginning of the 21st Century, Economist's View

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Introduction

The House of Councilors election was held in May of 2001 in Japan. Potentially, there were decisive points at issue revolving around the topic of 'Globalization'. However, there was no concrete governing party (LDP, Liberal and Democratic Party) proposal about economic policy. The President of the governing party (Prime Minister), Koizumi, likes rock music, wears a 'Ralph Lauren' shirt, and is experienced in divorce. His persona contrasts with traditional conservative Japanese and resonates with the younger generation. Unlike the excellent bureaucrats who graduated from the famous state universities, he graduated from a private university. In those days, students who failed to pass the entrance examination of state universities went into private universities. Although he comes from the upper class, unlike traditional establishment, he is closer to the populace in many respects. His secretary says that they never reject interviews with popular magazines and other media. He has insisted that the cause of long depression was traditional conservative policies (or Japanese Keynesian policies) and the institutions ('Japan System'). He inherited his father's constituency, so he did not have to raise a large amount of campaign spending. So, he did not need to concern himself deeply with the business community. Consequently, he has the reputation of being honest and clean. He has championed neo-liberal policy, or 'Structural Reform without Any Sanctuaries'. Originally, 'Structural Policy' was the term that was proposed by the Social Democrats as a social-democratic alternative in the 1960's in Japan.

The public and the media had supported the Prime Minister.¹⁾ But against the expectation of the general public, the Japanese economy is going into a conversely severe state of crisis (*cf.* Table 1). Therefore, although the governing party won, the political confusion coming from economic issues is breaking out. We should note

below four points as the symbol of current Japan, whose economy has remained stagnant since 1992. The jobless workers increased by two million in these 10 years (1992-2002). The criminals increased by one million. Though the banks had cleaned up the bad loans of ¥57 trillion, new bad loans of ¥68 trillion sprung. The exchange rates of the Yen to the U.S. dollar increased by 80% (1995) and to the China Yuan by 530% (2002) since the 'bubble economy' (1987-1992).

Although LDP could recover numbers of seats on 2001, they had lost their supporters after that. Globalization decreasing jobs and weakening social security has threatened the general public. The conditions had become worse. But, Koizumi and the main stream in LDP have succeeded to increase seats in the House of Representatives on September of 2005 again. On summer of 2005, the House of Councilors rejected the bill for privatizing the Public Corporation on Posts and Telecommunication that was the largest financial institution in the world. Many M. P of LDP opposed the bill. because privatization of the PCPM means to give the big chance for even foreign financial corporations to utilize huge funds of PCPM in the world wide financial markets with risks. The US government demanded to privatize PCPM every year. But, Koizumi utilized this chance to recover strong support for the neo-liberal reform. He dissolved the House of Representative that passed the bill, not the House of Councilors in which opposite parties occupied absolute majority. Because Prime Minister has not power to dissolve the House of Councilors in legal that operates independently from Government.

During the election campaign, Koizumi insisted that the fund of PCPM was the root of all evil (stagnation, corruption and so on) and that Japan would revive after the privatization of PCPM. He shouted that he did not mind if he was killed by someone who wanted to stop the reform. General public might be impressed with his sensational cry for the *reform* again. Medias supported Koizumi and led public sentiment. They described the politicians and parties opposing the bill were parasites on the fund and system of PCPM. The largest opposite party, Democratic Party opposed the bill, but they proposed another style of privatization of PCPM. LDP that Koizumi controlled got the win again. Ruling parties, LDP and Koumei (religious

1) According to the public-opinion poll by Asahi Shinbun (one of the big three of news papers in Japan), Koizumi Administration gained 84% support just after the election (70% support from backers of Communist Party). cf. a morning issue of 25th, May 2001 of the Asahi News Paper.

party of new Buddhism) occupied the seats more than two third of the House (cf. Table 2).²⁾

In this short essay, we are going to describe the current state of Japanese economy, the political issues and the necessary economic policies from the point of view of the radical democratic. The method of analysis is different from the Neo-classical, the Keynesian and usual Marxian thought in Japan. In general, Marxian emphasis the class relation and are apt to consider that persons who have ideas something wrong in the power must do wrong and that general public must be cheated by these wicked persons. This story is simple and easy for general public to accept, but it does not explain the social causes or grounds of social phenomena. We are going to pay attention the international and internal interest relations among groups, ideologies and feeling of political activists and the masses. According to this viewpoint, we will explain that why they adopt such neo-liberal policies and that general public support them. We know that good-natured persons who were supported by general public sometimes implemented hard policies. Our method of analysis might be similar to A.Gramsci and the Marxian Structuralism thought.

1. Recent policies before the Koizumi LDP Cabinet organized in April of 2001

'The *Financial Big Bang*' (financial liberalization in domestic and international dealing) and 'Administrative and Fiscal reform' (*'Reconstruction of the Economy'*, abolishing a tax cut for workers, raising medical expenses and the consumption tax, deregulation and so on) by the Hashimoto Cabinet (1996-97, LDP) caused a serious financial system crisis. 'Takugin' (Development Bank for Northern Island, Hokkaidou, which was one of the big banks in and Yamaichi Securities Co. (the fourth largest securities company in Japan) were ruined in the autumn of 1997. No one had ever expected such a financial crisis under the administrative currency system after the Second World War. The bank reduced the loans and stopped paying idle capital to the inter-bank market for an increase in bad debts coming from the collapse of the 'bubble economy' (1987-1992), the depression in 1997 and the BIS Rule (each bank required to maintain 'the rate of equity capital to assets' above 8%). Consequently, Takugin and Yamaichi Securities, which were saddled with huge nonperforming loans, lapsed into a serious financial deficit and failed. Yamaichi

2) The ratio of votes polled of the ruling party was 48% (electoral zone) and 51.43% (proportional allotment). This means that they could not get the majority of votes.

Table 1 Japanese Economies

Year	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
RGNC*	326	442	469	482	487	494	498	511	522	516	512	514	502	513	524	534
RNGC from Previous Year**	6.9	7.7	6.3	2.6	0.8	1.1	1.4	2.6	2.2	-1.2	-1.4	0.8	-1.2	0.8	2.0	1.9
Consumption**	5.6	7.2	5.6	4.1	2.3	3.2	1.5	2.3	1.9	-0.5	-0.7	-0.1	0.1	0.5	0.2	1.5
Residential Investment**	3.7	8.0	-2.4	-4.6	2.8	8.0	-5.4	12.4	-1.4	-16.2	-1.0	0.7	-6.4	-4.2	-1.1	1.4
Private Inventory**	12.7	12.8	6.0	-18.4	-7.7	1.0	2.2	10.7	-3.3	-6.9	6.9	-1.7	-3.4	-6.7	6.3	6.0
Governmental Consumption**	5.1	7.1	6.3	5.7	4.6	3.2	4.7	3.8	2.1	2.1	2.6	3.7	2.4	2.6	1.2	2.7
Governmental Investment**	-6.2	16.4	-11.3	-9.5	-19.3	-30.4	45.9	-19.1	-44.7	0.0	23.8	42.3	-35.1	-4.3	-10.6	-10.5
Export**	2.8	8.5	1.8	1.3	-6.7	0.4	2.2	9.6	13.1	-1.8	-7.1	8.0	-4.9	7.3	9.1	14.4
Import**	-34.2	-6.2	-5.7	-9.6	3.1	11.3	22.9	7.0	-9.4	-5.2	10.8	3.0	-0.7	1.3	3.8	8.9
Incomes from Overseas (net)*		2.7	2.8	3.1	4	4.2	3.8	3.8	5.5	6.8	6.9	6.4	6.4	8.3	8.5	9.6
Yen Exchange Rate (to one Dollar)	135	125	125	125	112	100	103	116	130	115	102	115	131	119	107	103
Yen Exchange Rate (to Yuan)	63	25	23	22	13	12	13	14	16	14	12	14	16	12	13	13
Trade Balance to China)*		-0.1	-0.4	-0.8	-0.8	-0.6	-0.4	-0.9	-1.3	-2	-2.4	-2.2	-2.2	-2.8	-2	-2.2
Regular Employee		90.2	92.5	95.0	97.0	97.9	98.6	99.4	100.3	100.5	100.2	100.0	99.6	98.9	98.5	99.1
Unemployment***				134	210	225	231	279	317	320	340	359	348	360	342	308
Real Wage		97.0	98.1	98.5	97.6	98.7	100.0	101.0	101.0	99.1	98.3	99.5	99.9	98.1	97.5	95.8
Production of Mining & Man-u-facturing**		104.4	106.2	99.7	96.1	96.9	100.0	102.1	106.2	98.6	99.5	105.0	96.8	96.6	99.8	105.2
Consumer Price		92.8	95.9	97.7	98.9	99.6	99.3	99.3	100.6	101.4	101.0	100.0	99.3	98.4	98.1	98.1
Foreign Investment****		569					507	480	540	407	667	486	316	360	376	369
Criminals (ten thousands)				174			178	181	190	203	217	244	274	285	279	256

[Note]

* Trillion Yen

** percentage changes from the previous year

*** ten thousands

**** a hundred million US\$

[Source] Nippon Bank, Ministry of Welfare and Labour Ministry of General, Toyo Keizai Nenpo

Table 2 Rate of Votes Polled of Elections

Party	2000(HR)	2001(HC)	2003(HR)	2004(HC)	2005(HR)
Liberal Democratic	28.3%	38.6	35.0	30.0	38.2
Justice	13.0	15.0	14.8	15.4	13.3
Democratic	25.2	16.4	37.4	37.8	31.0
Social Democrats	9.4	6.6	5.1	5.3	5.5
Communist	11.2	7.9	7.8	7.8	7.3
Others					4.1

- 1) Justice Party is a new Buddhism religious party supported by urban small entrepreneurs
- 2) Social Democrats is a lefty group of Socialist Party, which rejected to be merged to form DP
- 3) Others are two groups expelled from LDP
- 4) HR is the House of Representatives
- 5) HC is the House of Councilors

Table 3 Transition of Administration in Japan

Term	PM	Main Ruling Party	Political Position
1982.11-87.11	Nakasone	LDP	right conservative & neo liberal; pro-America
1987.11-89. 6	Takeshita	LDP	traditional mid-conservative
1989. 6-89. 8	Uno	LDP	traditional mid-conservative
1989. 8-92.11	Kaihu	LDP	mid-conservative
1992.11-93. 8	Miyazawa	LDP	mid-conservative
1993. 8-94. 4	Hosokawa	New Japan Party	neoliberal & liberal
1994. 4-94. 6	Hata	Revive Party	neoliberal & liberal
1994. 4-96. 1	Murayama	Socialist Party, LDP, Sakigake	social democratic & mid-conservative
1996. 1-98. 7	Hashimoto	LDP	conservative & neoliberal
1998. 7-00. 4	Obuchi	LDP	conservative & neoliberal
2000. 4-01. 4	Mori	LDP	neoliberal & conservative
2001. 4-04.11	Koizumi	LDP, Conserve Party, Justice Party	neoliberal & pro-America
2004.11-05. 9	Koizumi	LDP & Koumei	neoliberal & pro-America
2005. 9-	Koizumi	LDP & Koumei	neoliberal & pro-America

Securities was not able to get even 8 billion yen from any banks in the inter-bank market. Since then, the Bank of Japan has been intervening in the market and supplying a large amount of funds.

Public opinion and the opposition parties (Democratic Party, Communist Party and Social Democrat) demanded for Government not to save banks and for banks to guarantee the savings of general public. Then, they demanded that the managements

accept 'accountability of management' or 'the principle of market'. After that, the Government and the Bank of Japan did not relieve the banks and the security companies so readily. The banks feared bad loans. The private money market was contracted rapidly and lending to companies decreased.

On the other hand, the support from the Government and the Bank of Japan was overdue, and real economies went into a severe depression in the summer of 1997. The LDP organized a new cabinet. Mr. Obuchi was inaugurated as Prime Minister in July of 1999. He kept away the neo-liberal economists who had joined the conservative cabinets since 1982. The bureaucrats made policies to expand the domestic market with fiscal policy and to relieve the small- to medium-sized corporations manufacturing only in the domestic markets. These policies were more conformable than neo-liberal policies and strategy to shift factories overseas and to increase imports of cheap agricultural and industrial products from China.

Big businesses made investments overseas and have discharged Japanese labourers at the domestic market (the unemployment rate was 4.6% in that time and increased to 5.4%, 3.50 million, in the Spring of 2003. cf. the table at the end). Enterprises, that do not transfer overseas, play an important part in the Japanese economy because the trend is decided by domestic investments (moreover, they have supported the ground of the manufacturing system of big businesses and have been the bearers of regional economies). This policies helped domestic businesses to recover from the adverse conditions in 2000. Suddenly Obuchi died of overwork (apoplexy).

The owners of SMEs and small farmers are the main supporters of LDP. But big Businesses and financial corporations also have supported LDP. Antagonism among the conservatives put Obuchi under a lot of stress.

Due to a reduction in the export resulting from economic recession in the U.S., Japanese economies again fell into depression in February of 2001. Mori, who was inaugurated as Prime Minister, could not understand the meanings of the policy of Obuchi, did not cope with this situation effectively and was driven into resignation. The mass media supporting the neo-liberal policies (globalization and deregulation) attacked the Government for those traditional fiscal policies not being effective and for the recession that resulted from these policies. According to statistics gathered by the bureau of the Government Office, the fiscal expenditure on public engineering is the most effective in buoying up the economy in Japan (or, the coefficient of it in the domestic market is large). But public engineering has brought great benefits

to the construction businesses concerned with conservative politicians and bureaucrats. So the mass media insisted public engineering was the field of injustice, and that it only brought about a huge fiscal deficit (US\$400 trillion, 2001). The general public supported this opinion and demanded the Government dissolve the 'Japan System' without understanding how the system worked in reality. The unemployment rate increased to 5.0%, which was the highest since the end of the War in Japan

2. What decides the business conditions?

We will analyze the economic policies of the Koizumi Administration. Koizumi and the majority of the public consider that these will reform and develop the occluded Japanese society. But first, we will explain an economic principle on the business cycle for readers who are less familiar with economics.

The relation between supply and demand decides the fundamental business condition. When demand exceeds supply, it is said that business is brisk. The converse is to denote 'depression'. If simplified, supply will be decided by the size of Productive capacity (domestic production) and Import. On the other side, demand is the total of Personal Expenditure (employee, employer and so on), Investment by Enterprise (the total and a sector, domestic or overseas), Government Expenditure (scale, sector, and effect), Export (sector, item) In other words,

$$(1) \text{ Supply } (S) = \text{Domestic-Production } (P) + \text{Import } (Im)$$

$$(2) \text{ Demand } (D) = \text{Personal-Expenditure } (E) + \text{Domestic-Investment } (Id) - \text{Foreign Investment } (If) + \text{Fiscal Expenditure } (F) + \text{Export } (Ex)$$

Then, in the case of depression,

$$(3) S = P + Im > E + Id - If + F + Ex = D$$

Rearranging(3),

$$(4) P > E + (Id - If) + F + (Ex - Im)$$

*($Ex + Im$) is Trade Balance : including service and tourist industry

$$(5) P^{t+1} \geq \alpha (K^t + Id^t)$$

* $\alpha = P/K > 1$, constant. It is the coefficient of a capital (K). When enterprises invest this year, the production in next term (P^{t+1}) will increase as the result of domestic investments in this term (Id_t).

These expressions explain the present Japanese economy well. When we wish to increase national income, we have to increase domestic production. But, as production is led by demand in capitalism, first we have to increase demand to increase domestic production including tourist industry. But overseas investment and employment by Japanese companies have increased rapidly, and external subsidiary companies have increased their export to Japan. So many Japanese enjoy sightseeing abroad and use much money abroad. The overseas investment deducts domestic investment. Or, the balance of direct investment shows huge loss. The export by subsidiary companies and foreign companies to Japan deduct the demand to Japan. Or, the surplus of trade balance had decreased. The Government has depressed fiscal expenditure in these days. The credit crackdown caused by the BIS codes has hit the financial markets hard, and is depressing the domestic investment. Every company is cutting down employment and replacing established workers with irregular workers. The personal expenses of every company are falling. Personal consumption has hung low as a result. People have increased their savings ratio for fear of decay of educational policy and social welfare policy and for business aggravation (the ratio of savings to the financial assets of households has reached nearly 60% since the collapse of the bubble economy). During times of depression, we need to expand domestic demand to reverse the inequality of (3).

In short term, regardless of likes or dislikes, the necessary policies in depression time simply must be

- 1) An increase in fiscal expenditure and a reduction in interest rates to increase investment
- 2) Social policies and tax cuts for lower income groups and tax increases for higher income groups that increase personal expenditure
- 3) Reduction in the exchange rate to increase exports and to decrease imports, Japanese investment abroad and sightseeing abroad.

As for mid-term policies, we need to improve institutional and structural conditions in order to increase domestic investment that may bring about employment

under the restrictions in environment and natural resources, or true 'structural reform'. But the contents of 'The Structural Reform Policy' that Prime Minister Koizumi demands are entirely opposite to this.

3. The causes of the long stagnation from 1992 to now in Japan

It is said that the years following the collapse of the bubble economy are 'the lost 10 years in Japan'. The Japanese economy has not yet returned to stable growth. Instead, it has repeated recession, stagnation and weak recovery. The causes are quite plain to us, and they completely differ from what the media and neo-liberals assert.

We can say that the causes of stagnation in Japan are following..

- 1) The huge losses of banks and businesses resulting from the collapse of the 'bubble economy'
- 2) The huge bad loans that the financial institutions have been holding after the collapse
- 3) The BIS regulation that has tightened the money supply strictly, and the monetarist and neo-liberalist reform to Americanize the financial system
- 4) The overvalued Yen and China Yuan dumping
- 5) Rapid increase in Japanese foreign investment and overseas employment
- 6) Employment restructuring
- 7) Unsuitable restraint of fiscal expenditure

In capitalism, the most important factor of in shaping business conditions is domestic investment by private corporations. Personal consumption (household consumption) depends on investment. A private corporation makes an investment according to expected profit (rate and quantity). An aggressive corporation will decide on investment even under depression if it expects to get more profit by technical innovation or releasing new products. Other companies will follow if they can obtain the new technology, and then demand (investments and personal expenditure coming from investments) will exceed supply. So, the business trend will be upward. Let's investigate the Japanese economies according to this principle. There are several factors that restrain an increase in demand in Japan.

(1) Collapse and Huge Losses

Many corporations (irrespective of size), including the manufacturing industries

which were concerned with domestic and international financial and real estate transactions, suffered huge loss of ¥100 trillion due to falls in the prices of stocks, lands and bills including the financial assets in the U.S. markets 1990-92. Naturally, they refrained from new investment.

(2) Huge Bad Loans and Debts

Financial corporations could not clean up all bad loans. The sum of bad debts of failed companies was officially ¥13 trillion (US\$118 billion, 1993). Though banks covered a part of the bad loans as a loss, the sum amounted to ¥30 trillion at the end of 1995fy (March, 1996) in the depression. Banks cleaned up ¥57 trillion, but new bad loans of ¥68 trillion sprung during 1996-2001FY due to the depression and the new financial crisis in 1997-98. They did not increase loans to industries in spite of though the easy money policy of the Japan Bank.

(3) BIS Regulations

Furthermore, the BIS regulation has damaged Japanese economies. The BIS regulation required for each financial corporation to keep over 8% and 4% (for ones dealing only in a domestic market) in the ratio of net worth of capital to assets (RNWC) since 1992. The average ratio in Japanese financial corporations was 4% up to this time ; it was 4-6% in Europe and 7-8% in the U.S.

The formula of the ratio of net worth of capital to assets is as follows.

$$RNWC = \frac{\text{capital} + \text{reserve for deposit} + \text{profit} + (\text{estimated value of possessed stocks}/2)}{\text{assets} \times \text{risk ratios}}$$

Since the collapse of 'the bubble economy' on 1992, the market prices of stocks had fallen from ¥39,800 to ¥12,000 (¥9,800 on the terrorism of 2001 by air planes and ¥8,000 after the Iraq War). Due to bad debts, the losses of banks were huge. After the collapse of the bubble economy, each corporation need to get a loan. But financial corps had to decrease lending in order to raise the RNWC following to the BIS regulation. It has caused strict credit crunch and restrained corporations' activities. Then, many small and medium-sized enterprises rushed to some financial institutions that lend at illegally excessive rates and, some of them involved with financial corps managed by Japanese mafias.

(4) Overvalued Yen and China Yuan Dumping

China worried about the outflow of foreign capital and the stagnation of new

inflow after the 'Incident of Tiananmen Square' on 1989. The Government of China reduced the exchange rate for a dollar to 66% in 1994 to increase export and investments from foreign countries. The exchange rate Yuan is a sixth of P.P.P (Purchasing Power Parities, the rate that valued with prices) and the wages of Chinese workers are lower than even Africans (a half, manufacturing industry). And the U.S Government kept the cheapened dollar against the yen to guard the markets to restrain more strength in Japan, which might threaten the States. Then, the exchange rate of yen was strengthened to even ¥80 on the summer of 1995, though the purchasing-power parity of yen was ¥160 (calculated by the OECD). The Yen was too much overvalued. The decrease in the rate of China Yuan to the dollar meant that the rate for the yen fell to 1/4 of the rate that existed before the bubble economy.

Low cost goods produced at low wages in China rushed into Japan and pressed Japanese domestic companies. The average hourly wages in the Chinese manufacturing industry are 20 yen (part time worker, CAN \$ 18) -100 yen (regular worker, \$ 90). 'The apology' to Asian countries for the past invasion by the Murayama Administration (Allied government with Social democrats, moderate conservatives and LDP) in 1995 played the role of justifying increased overseas investments in Asia and imports from there ('Progressive' groups, including the left, supported this apology). This meant that people had to accept unemployment and the hollowing out of domestic economies.

The exchange rate dumping by the Chinese government enforced its competitiveness in the international market. Then, the other Asian countries lost their competitiveness and the trade balances of every country except for Vietnam worsened. It was one of causes of the Asian currency crisis on 1997. The Japanese companies and banks, which had invested in these countries after the collapse of the bubble economy in Japan, suffered huge losses and huge bad loans and more debts.³⁾

Korea (the Government and the business community), which needed the Japanese money and market to overcome the crisis, changed the 'Anti-Japan policy' from the time of the end of the War into 'Pro-Japan policy'.⁴⁾ Ironically enough, but delightfully, 'The New Era' of relation between Japan and Korea has started with the prepa-

3) By the crisis, Japanese banks loaned US\$10 billion to the Korean corporations in 1998. To help clear the bad debts, they lent additionally \$10 billion. Korea decreased the rate of exchange to the dollar by 200%, and the dollar decrease against the yen. It meant the devaluation of the Won to Yen. The IMF gave a relief loan to Korea with the money financed by the Japanese government. These have also damaged the Japanese national economy.

ration World Cup Game of Soccer held in 2002 in both countries.

(5) Rapid Increase in Foreign Investment and Overseas Employment

Japanese companies have restrained domestic investment and advanced foreign investment in China and other Asian countries quickly in order to avoid the effect from the overvalued yen. Consequently, the foreign workers employed by Japanese companies (manufacturing industry) overseas have increased by 1% (100 to 300 thousand per year, on average) over the internal employment of Japan since the 1990s. These figures are equivalent to the total employment in the manufacturing sector of a prefecture except for the most industrialized areas (There are 47 prefectures and local governments in Japan). The foreign workers in Japanese manufacturing companies amount to 2.8million, equal to nearly a quarter of domestic workers in the manufacturing industry (12million, 2002). Moreover, foreign investments in real machines or facilities are recorded as exports in the statistics. Many corporations close their factories and send the machines and facilities abroad. Usually we consider that export increase domestic production and employment. But a part of the export is foreign investment that decreases domestic production and employment.

(6) Employment Restructuring

The companies, which could not decrease costs that had increased due to overvalued yen, began cutting down their personal expenses by 'restructure in employment'. They decreased the number of workers and replaced regular workers or full time workers with irregular workers or part-time workers whose wages were 1/2-2/3 of the regular full time. The head of a family (male) competes with his wife and children, who now enter the labour market as irregular workers (or dispatched workers' and part-time workers) to supplement the family income. The employment in manufacturing industries where many work as full-time regular workers has been falling since 1994, and in the service industries, where the wages are lower and many labours work irregularly, has been increasing. The wage difference between male and female has narrowed, but that between the regular and irregular has widened for

4) For example, they had prohibited introduction of Japanese lowbrow culture, although they imported so many industrial products and technologies like machines, engines and electronic devices from Japan. The government has relaxed now these restrictions, and the cultural (including sports) and personnel exchange between of both countries are developing so rapidly.

both male and female. This is the story of the breaking the sexism in Japan by neo-liberalism.

(7) Unsuitable Restraint of Fiscal Expenditure

The Hosokawa Administration shrunk the fiscal expenditure at the time of the great economic recession in 1993-94, just after the bubble burst, and the Hashimoto Administration, which considered business to have recovered, cut down the fiscal expenditure and the increase in taxation and the shares of Med-care in 1997. The fact was that this recovery depended on the fiscal policy of the former Administration (the Prime Minister was Murayama, who was a leader of the Social Democrats) supported by the Social Democrats and the moderate group of LDP. Hashimoto's policies caused a severe economic recession. At that time, commentators said on TV that "the fiscal expenditure is not effective" and they supported the Hashimoto's policies. But they should have said that the negative factors were so powerful that the effect of the fiscal expenditure was offset.

4. The Economic Policy of the Koizumi Administration

'Structural Reform Program' means to change 'Japan System' without any 'sanctuaries' where it is said that the bureaucrats had managed arbitrarily with farmers and small businesses that had long supported LDP.⁵⁾ Of course, the Neo-Conservative (anti-Keynesian and anti-Socialism) and the Neo-Liberal policies (anti-Keynesian and anti-Japan System, and pro-globalization led by the TNCs and big financial institutions) have been implemented further in the past 20 years ever since the Nakasone Administration, which was similar to the Thatcher and Reagan Governments

(1) Structural Reform

Policy Prime Minister Koizumi, who has gotten the great backing of public opinion on 2001, had introduced following '*New Neo-Liberal*' Program. The neo-liberalism appeared at first as the policy of anti-Keynesian and anti-socialism in 70s, or 'Thatcherism'. It has versioned up to the neo-liberalism in the era of globalization.

5) Conversely, the Takeshita and Kaihu LDP Administrations made great fiscal expenditure by issuing of national bonds and lowered the interest rate in the bubble term. These policies were against the Keynesian policies.

'*Specialization to Leading Industry Policy*', which is recommended by the neo-liberal economists, will not get good results in the domestic economy. This program intends to 'scrap non-competitive corporations and build competitive ones within domestic market'. The facts show that the most competitive sectors and companies like those producing automobiles and electrical products are promoting foreign investment most positively. Just now, these companies are a far cry from 'non-competitive industries' and are discharging workers rapidly. No one can predict exactly what industries are hopeful in future⁶⁾. Moreover, this policy does not work in the floating system like the theory of 'Comparative Advantage' that D. Ricardo presented.

The floating exchange rate system, which the mainstream of economics has recommended, is a very 'unjust' and self-defeating system. If Japan (or any country) successfully reduces costs and improves the quality of goods, if it gains a competitive edge, it will soon lose it due to the increase in the exchange rate. The mainstream claims that capitalism will bring about good results for any person who makes effort. 'The self-balancing act of exchange rate' is never rational. This is a system in which a fast runner has to run longer than others (sometimes it may be effective outside of a market system, or in community). In fact, Japanese corporations have made many efforts to decrease costs and to improve the quality of goods. This means that workers had to make many sacrifices. The Yen rates were beyond their ability and effort in the '90s. Managers are going to transfer their factories to China and Asia where personnel costs are calculated 1/30-1/40 of Japanese workers, and where there is no additional cost for environmental or personal rights. In my opinion, and it is the commonsense of general economists, 'Structural Reform Policies' (neo-liberal globalization) like the present floating exchange rate system, a strong yen, deregulation, rapid increase in Japanese foreign investment and imports, all of which have been implemented by the Government and Trans-National-Corporations (TNCs), have intensified the crisis. The groups who are promoting globalization insist that they have to develop technical innovation and release new products in order to win in the global market, and that we need the 'structural reform policy', which would decrease costs and improve quality (even 'progressive' people who dislike 'the Japan System' agree with this). But as the result of innovation, if we could succeed in decreasing costs and regaining a competitive edge, the Yen would appreciate and

6) The media treats and calls them as "the old conservatives" exercising their privilege against liberalization.

Japan would again lose that edge.

Clearly, we need on a mid-and long-term basis to reform the present international currency system (IMF, WB, BIS) and the international trade system (WTO), and to improve the international standard of labour and environment. The system of neo-liberalism is one of requiring profits at the sacrifice of people and the environment. Koizumi and the media have insisted that the Japan system had been held as a '*sanctuary*', and that it should be abolished. We should note that they are going to establish a new sanctuary of the neo-liberal system and the U.S.A. Against this, we have proposed to reform the past 'Japan System' fundamentally and to develop internationalization that is compatible with each national economy (domestic market). This is our economic 'structural reform policy', which accompanies the development of political democracy. This means that the policies must eliminate concession buying, speculation and corruption of public officers, politicians and businesses (the media have insisted that this has been a defect peculiar to 'Japan System') and must promote people participating in decision making at all stages. Up to now the bureaucrats and conservative politicians have eliminated the general public from decision making.

Neo-liberals in Japan have argued that the policy of restructuring and deregulation (including issues of employment and environment), or globalization, would succeed in destroying 'the Japan System', which obstructs economic recovery. From their viewpoint, then, to guard the domestic market and employment is too conservative. We agree with their argument that we should eliminate corruption and concession. But 'Restructuring' does not mean the democratic reform of Japan, and 'Deregulation', or economic liberalization, does not mean democratization.

(2) Compulsory Dissolution of Bad Loans

Koizumi and his Monetarist task team led by Takenaka, the Minister for Economy and Fiscal, who was a scholar of Neo-Classical economics at the private university which Koizumi had attended, insisted that the current depression came from the bad loans hidden by exclusive banks, and that they needed to change the banking system and put the governmental funds into banks and control them even if the leaders were against this program. They said that bad-loans in the major financial institutions would disappear and Japanese economics revive in 2 or 3 years, though more than 2 years have passed since Koizumi took up his post. Now Neo-Classical thought demands 'state control' like the old Marxian thought! At first, they considered that if

banks followed the BIS codes, the critical conditions in the financial institutions of Japan would soon disappear. But, the facts went contrary to their thought. As we said, these codes pressed banks to shrink their loans and the business conditions became worse. So, this time, the Neo-Liberalism (Neo-Classical thought, Neo-Conservatism, Monetarists and the media) is asserting that the banks deceive the BIS.

The public has supported Koizumi because of his campaign pledge to carry out the reform program without sanctuary and because he is perceived as upright. He insisted on implementing more economic liberalization to cope with globalization (so called 'main-stream and necessary trend in this era') for TNCs and to dissolve 'The Japan System', which had contributed to high economic growth after the War.

But he visited and prayed every year at the militarism shrine(Yasukuni-Jinja, the shrine for calming the soul of fallen soldiers), where it was said that the ghosts of Generals and soldiers of the old militarist army stayed. For one thing, it is a gesture by him to ease pain and dissatisfaction due to traditional conservative people who had contributed to the state in the 'against western powers War'. He knows well that most of the gentle and brave (and cruel) soldiers were called up from poor families in the countries in the Wartime. Many small and poor farmers have expected and demanded the Government to compensate for their sacrifice and to respect the fallen soldiers for their contribution to Japan.⁷⁾ They have been the traditional conservative and the strongest supporters of LDP. Now, these people are unsettled and confused and had begun to doubt whether Koizumi is their true representative or not. The Neo-liberal politicians need to show that the state should support TNCs competing against foreign companies and win the present worldwide competition. Many of the traditional conservative, or peasants, now consider that the globalization and reform program is threatening agricultural industry and their lives.

Of course, visiting the shrine does not mean that Koizumi and others are traditional nationalists. Secondly, Neo-liberalism has to show that 'state' will guard and support the people being allocated overseas and the invested funds like the former 'Great Japan Empire' (reigning over Asia and struggling against USSR and the U.S.). So, in this time, it needs 'New Nationalism' or 'New Imperialism' allying with the

7) By the way, Mr. Ishihara, who is Governor of Tokyo and a popular right wing politician, proposed to build many gambling houses where many rich foreigners come to play all over Japan, especially in Tokyo.

U.S. and coping with the UN. Even if they wanted to send their army overseas, they could not do so without the understanding and support of the U.S. and the U.N (all most all Japanese consider the UN give peace in the world against powers). The public and neighboring countries do not accept sending the army abroad (including JPN-Navy) except in the case of UN requirements for member nations⁸⁾.

Thirdly, they want to show their will to interact with the world, especially Asia, where the TNCs (including financial corps) of Japan are investing. They expect that countries will afford every facility for TNCs and protect them against 'danger'.

The situation, then, is complicated. There is the public's antipathy to the big financial institutions and the politicians who shackled violently the markets of money, stock and the real estate utilizing 'deregulation', or the dissolution of 'the Japan System'. The Neo-Liberal Government is going to pour the fiscal fund into banks and change the financial system. But the public regards this as a relief to banks, which were ringleaders of the bubble economy ; and brought about long depression in these ten years (the main stream of media have reported and explained so). On the other hand, they expect their savings in banks to be safe. Government and the public say that banks are villains. But, the big banks are supporters of the LDP and they demand that the Government implement the Neo-Liberal policies. The public demands that the Government cover their financial assets, especially deposits.⁹⁾

The uneasiness and antipathy of people on unemployment comes from the restructuring caused by too much high yen rate and foreign investments. Small farmers and self-employed merchants and manufacturers are afraid of the imports of agricultural and industrial products from China and others. Wages have decreased and the unemployment rates are increasing. So people, especially the lower incomes groups (young people, uneducated people, the aged and the unemployed) buy cheap imported products. They consider the regulation on the imports as an unfair protec-

8) 350m illion Japanese were killed, 2.0 million were soldiers and 1.5million were civilians. They killed more than 20 million in Asia and Pacific Ocean in the War. This fact has had dramatic effect on Japanese political position about the issue of peace and war after the War.

9) The Nakasone Administration(1982-86), which ruled at the start of Neo-Conservatism in Japan, emphasized the 'deregulation' (anti-Keynesian policy) and the alliance with the U.S. But they did not have an idea to send troops overseas then. The Social Democratic Party and Communist Party are opposing any case of sending the army abroad. The majority of elderly females, who suffered great hardship in the Second World War and every people and group of the 'Absolute Pacifism', take this position

tion for the groups, which combine with the old type politicians.

The mass media, which depends on the advertising revenue from big businesses that are implementing the globalization programs, inflames the public's antipathy against the regulation to domestic industries.

Thus, many people, including the left, feel the antipathy against the big businesses, banks, and small farmers and businesses which had supported the LDP and expected so much of Prime Minister Koizumi, who said that he would destroy the 'sanctuary' or the territory of these groups. They consider that globalization will destroy the territory of the establishments and farmers ; nevertheless, they are threatened by globalization. On the other hand, the big businesses that are promoting globalization regard the usual protection policies and regulations as unnecessary costs to their business in the worldwide competition. They object to the protection of domestic industries because the policies are costly and they have to bear the tax. The financial institutions, which want to utilize the huge fund being gathered in the Postal Savings and The Postal Insurance, which are the largest financial institutions in the world, backed Prime Minister Koizumi, who cried for their privatization.¹⁰⁾

In the election of 2001, the Liberal Democratic Party presented Koizumi as the leader, and got strong support from people who had suffered as result of globalization and did not understand the complicated current relationship, or the populace who do not want to be 'losers' (recently, the words of 'losers' and 'winners' are popular in the media) in globalization. On the other hand, the traditional conservative groups who were threatened by globalization supported the LDP more. They expected the ruling party and Government to accept their demands mitigating globalization. They also did not want to become a bunch of 'losers'. The old type of anti-establishment, including a part of the left, had disliked the traditional conservative, who had backed the LDP, and also supported Koizumi's reform policies. They erroneously believed that the new conservative group implementing neo-liberal globali-

10) According to the statistics, more than 50% of the financial assets of the householder is savings (2002). It means that the general public holds the most part of their financial assets as savings and they do not invest in markets. Thus, big banks do not get brokerage fees from them. According to the BIS codes, a loan is considered as an investment with a risk, and banks have to make an effort to decrease their assets with risks. So, big banks are intending to get a commission on using an account from general households and to give priority to the riches, who invested in financial assets. It is said that the general depositors who utilize banks as only a moneybox (most of workers) are recently called 'garbage' within banks.

zation would change the long established system, which was going to break down through the globalization. Thus, PM Koizumi gained support from four groups and won the election (LDP were backed by three groups).

The Koizumi group promoting globalization has the initiative in the LDP. The Liberal Party, which split from the LDP in order to pursue globalization drifting away from the traditional conservatives, declined and split again. And they are now the opposition. The Koumei Party, which has been supported by small businesses in urban areas, allied with LDP after the election. Although they had been a 'conservative' new religious party of Buddhists, which has grown after the end of the War, they wanted the Government to give relief to them under globalization.

Nongovernmental parties have not grasped the conflict of interests among groups on globalization and have not presented the decisive point at issue for people. Conscious anti-global politics is organized but weak in Japan. Just before the election, a US submarine sank a Japanese training ship of fishery high school and killed several students and teachers in the vicinity of Hawaii. A U.S. officer raped a woman and a US soldier set fire to a house in Okinawa. But the media did not criticize when Koizumi said that he was a 'pro-American' after the accidents. Now, the Neo-liberals, which identifies a market with democracy, also won in the election. The approval rate PM Koizumi by the people rose 80% just after the election of 2001.

But, it does not mean yet they can win politically. At this moment, objectively the two trends are struggling with each other. The one is Neo-liberalism, which is implementing the 'structural reform', globalization and liberalization of markets. On the other side are the groups, which demand the different 'structural reform' of the system to guard and keep lives, communities, good culture and tradition of mutual interdependence which have been broken up by 'deregulation', 'liberalization' and globalization in past 20 years.

However, politicians of every party, including lefty activists, and the general public do not understand the interest relations among groups in Japan and the world. Current globalization produces complicated interest relations, emotion and the consciousness in Japan. Those who have suffered from globalization are demanding more globalization.

We should remember one lesson. In 1930, even during the Great Depression in the world, the Hamaguchi Administration (the Minister of Fiscal and Finance was Inoue Jun'nosuke) brought into 'the strong yen, less consumption and fiscal

expenditure, industrial restructure and the return to the gold standard system', which were demanded by the large financial groups. At that time, it was more profitable for the large banks to borrow from and lend to abroad at high-evaluated yen due to the gold standard system. On the other side, for the manufacturing industries without competitive forces in the world market and farmers who were engaged in sericulture (half of the incomes of agricultural sector depended on it), a low exchange rate was more profitable (so, the low rate policy was more profitable and necessary for the general public, or for farmers and workers). But the public, guided by the Government with the new media of radio and record player (PM Koizumi uses TV and the Internet) enthusiastically supported these policies.¹¹⁾ The governing party won a great victory. The government and ruling party claimed that the policy of return to the gold standard system and higher exchange rate could just break through the depression and financial instability since the end of the First World War and the large earthquake disaster in and around Tokyo in 1923.

The Minister of Fiscal and Finance, Inoue, who was well known as a politician of noble character, and, the former President of Japan Banks, made impassioned speeches that they would see a bright future if they would bear the heavy load coming from the gold standard and higher rate. He went on with his story that the Japanese economy would revive again if they decreased personnel consumption and fiscal expenditure. He never presented any grounds or facts. PM Koizumi told almost the same story on TV in 2001. He cited an old story in which the leader of a feudal lord clan in fiscal crisis and famine convinced followers and farmers that they would be able to overcome the crisis if they would give the rice of 6 tons to youth who would save them in future not to be consumed by themselves.¹⁾ In fact, people is apt to believe that economizing and saving will bring wealth. But the economic principle shows that saving and economizing do not realize a growth without investments. No one invests when they do not expect a rise in their profit rate or expanding of the market. When the market is stable, saving and less consumption must damage an economy. If they cut personnel costs during depression, effective demand will decrease and labourers will cut their consumption more.

11) But recently (since Autumn of 2002), the leaders of the financial circles have become opposed to implementing neo-classical dogmatic financial reform plan of the Cabinet, which is close to that of the U.S. They demand to proceed step by step. We can say that Koizumi is a extreme neo-liberal.

The great earthquake occurred in and around Tokyo in 1923 and the financial crises broke out in 1923 and 1927. The great earthquake in Hyogo Pref. (Kobe) occurred in 1995 and the financial crises broke out in 1990 and 1997. Similar Neo-classical thought and policies. We are surprised at the similarity.

However, these policies of Inoue in 1930 damaged the Japanese economy of those days, which had been shocked by the World Crisis since 1929. As a of the high rate of the yen, the international balance of payment got worse rapidly. The financial groups ('Zaibatsu') made large amounts of money with dollar buying and yen selling before the discontinuance of the gold standard system. The farmers lost the silk market. Poor crops caused by cold weather occurred in the Northern areas in the 1920s and the farmers conversely suffered from falling prices due to abundant harvest in the 1930s. The antipathy of the public to the establishment gave an expectation that the Emperor and the military might do something better. The populace was disappointed with the results of Inoue's programs. They considered that there was no way except for militarism. Even radical leaders of farmers' movements joined the nationalist movement that criticized the conservative politicians and the business community.¹²⁾ Some of younger officers in troops who closed to the soldiers drafted from poor villages and were aware of distress in rural districts, criticized the Government. A terrorist assassinated Inoue. The leaders of the army succeeded in gaining power utilizing these movements and nationalist feeling of general public in 1936, and the party politics system collapsed.

In fact, the World Great Depression was a result of the action of US companies and banks and the policies of the U.S. Governments. They collected debts from Germany and reinvest in securities and lands in the bubble economy of US. German that depended on US money after the end of First World War got into difficulty and Nazis became large. Big businesses and the general public ran to speculation under the system with almost no regulations on domestic and international trade and finance (and almost no regulations and protection for the workers and the handicapped, including the elderly and kids). The government of the Republican did not intervene to economy. The exclusive protectionism of the government of the brought about confrontation among the countries and indirectly induced the World War

12) The Government strictly made the Communist party illegal. The communists joined other labour and farmer's parties which got 490 thousands votes polled, 5%, in the election of 1928.

II.1)

IMF and GATT, or so called the 'Breton-Woods', proposed by the US government (and J. Keynes supported it), was the system, which regulated the free and wild activities of capitals to keep the stability of each country and the capitalist world against the socialist world and movements. So, we can say that 'Bretton Woods' was the economic and political safety device for capitalism, although financial groups of the U.S. had made an effort to suppress its role. Now, neo-liberalism has governed international economic organizations and transformed the IMF. Moreover, these neo-liberalized organizations (IMF, GATT-WTO) have brought about financial crises and a restraint of both national and local economies in world.

Under the depression coming from 'The Structural Reform without Sanctuaries', the social base of the LDP, which consists of three groups, has become gradually small. No one can assure that the unity and compromise of these groups will continue for long. On the other hand, the neo-liberal group might get the support from the new 'Imperialistic Citizens' (*Goto Michio, 2000?). As long as the conscious anti-global movements are advanced by a small number of NGO groups, as they are now, globalization will go on, and the political confusion and economic stagnation in Japan will continue. The confusion does not mean the victory of the left wing and the democratic groups, or that of Neo-liberalism. According to logical prediction, if anti-globalism power succeeds in allying with and absorbing general workers, small farmers, managers of SME, they might save Japan from the bewilderment. But this is a hard work for the Japanese people and activists. The NGO groups have not succeeded in, or even imagined, organizing powerful centers of movements. Though many small groups are communicating with each other through the Internet, they are not allying with political parties. They have not yet given the impact to society. The Social Democrats, which hold one third of the seats, and which split, have not presented any program on globalization and the social movements against it. There is no word of 'globalization' in any official documents of the Communist Party, which was influential with the educated people in the mid 70's and opposes Koizumi's policies accepting globalization. The Democratic Party of Japan has supported deregulation and economic liberalization. They consider that these policies are effective to dissolve the 'Japan System' and social base of LDP. They criticize the results of globalization as Communist Party. We cannot predict that the small groups will succeed in organizing powerful movements like the socialist movements and the national liberation movements of 19C to 20C, which were organized by small groups

at first?

We expect that the differences between the contents and forms of the present globalization and desired globalization will become increasingly clear through many tragedies, disputes and movements. We need the internationalization based on each national economy and the politics and management that the general public can access and join easily. We should regulate worldwide and domestic markets and society, in which governments, nongovernmental organization and enterprises work for global public benefits.

Prospects

On September of 2005, LDP got the win in the selection and has moved more to Neo liberal ways expelling some members who opposed privatizing PCPT from LDP. Mass expected again his 'Reform Policies'. The fund of PCMT, or money of general public, is more than 500 trillion yen. PCMT accepts more than a half of National Bonds. Koizumi and media assert the deposits of PCMT was a root of excessive fiscal expenditure on which dishonest politicians, bureaucrats and businessmen who are engaged in construction industry are parasitic on the fiscal expenditure. And media adds that people would groan under heavy taxes and the pension system would collapse. Anybody must be uneasy to hear that. LDP got 52% of votes and the ruling parties (LDP and Koumei Party) got two third of the seats of the House of Representative. It means they can change even the Constitution. Some of conservative politician of LDP, who are the representatives of farmers and SMEs, were expelled from LDP.

But Koizumi and main stream of LDP, neo-liberal bureaucrats and media did not say that fiscal expenditure has covered the decrease in domestic investment for these years and the fund of PCMT was utilized to relieve many financial corporations and other big companies.

In general, the public in Japan, especially young generation and the non-educational feel an affinity for America and its culture. In contrast to the elderly, they did not know the damage from US army. The U.S. forces bombed almost all main cities with non-nuclear bombs in Japan besides Hiroshima and Nagasaki although the Japanese government offered to begin the negotiation about their surrender before the atomic bombing. In Tokyo, 100 thousands people died on the night of 10th of May 1945. People were shot with warships and swept with air fighters.

People who were staying in Japan did not know well the wrongdoing by Japan to Asian people. So, they considered themselves as war sufferers and hated the militarists. They accepted the occupation by the US. The militarist government disappeared, and tenant farmers could get the small land by direction of the occupied Army and US government in 1946. Many Japanese became pro-American. Although many have supported PM Koizumi's choice allying more to the US after the 9.11, they did not want join the Afghanistan War and Iraq War. Now they are confused. Including the younger generation, the general public dislikes war (sometimes it means that they are not concerned about the real misery in Palestine and others) and supports the Constitution that prohibits using force as a means of diplomacy. They support globalization and do not understand that US military operations and Japanese Government's concern are the important essence of current globalization. The Koizumi Administration supported the U.S. and send Japanese army to Iraq on July of 2003.

On the other hand, North Korea has developed nuclear missiles and has admitted to having abducted some Japanese. Young non-educational people support the alliance with US and the military buildup against North Korea. We should pay attention to the potential for dictatorship to help justify the politics and military operation by the neo-liberalism.

Democratic Party that is like Liberal Party in Canada accepts and agrees the globalization. They insist 'faster structural transformation than LDP' with some 'safety nets'. So, they cannot present their alternatives. Communist party (JCP), which got nearly 7 million of votes on 2005, is confused. JCP and many Marxian scholars have condemned '*Japan System*' by reason of that this was the system of anti-socialist, of anti-democracy and of violent exploitation. Also they criticized Keynesian policies because of that they brought about inflation and prevented workers from rousing to socialist revolution. Then, some of Marxian and democrats take the side of globalization breaking up '*Japan System*' and do not criticized the globalization. The top leader of JCP (Fuwa Tetsuzou) said that they did not oppose current globalization, because it was historical consequence as Marx said, and that they opposed '*the globalization led by the U.S.*'. They are going to develop the relation with Chinese Communist Party that has implemented '*state capitalization*' utilizing globalization (foreign capitals, technology, and exportation). They demand for Government to regulate companies not to fire workers and to increase fiscal expenditure for social welfare and education. But, they oppose the fiscal deficits. They do

not understand that a decrease in domestic investments is a deceive cause of the stagnation that has brought about the fiscal deficits. It is right to say tax-cut for the riches during these 20 years is another cause of the fiscal deficits in Japan. They have confused. They do not understand the working of the world system that assured reproduction after the War, though they say that they aim *'fair and good capitalism'*, not socialism. They might consider that we live in wrong society where bad persons get the power, and that society would be better if the good socialists would get the power. We remind of the story of *'Robin Hood'*

We got a lesson from the election on September of 2005 that general public believe so much that fiscal deficit must brought about heavy taxes and poor pension. Neo-liberal utilized a tyrant as Kim Joeon-il or Saddam Fsain, who play a part of the villain. The left were only insisting to *Keep 'the Constitution'* forbidding to war on the campaign. They oppose the results from globalization but not globalization itself. This condition is similar to German in which ruling party, Social Democratic, cannot present any policies to improve the stable economy. Conservatives present to increase value added tax and decrease corporate income tax like LDP in Japan. The policies of Conservative in German would make worse economy like Japan. The network for workers of German is better than Japan. But the unemployment ratio (average : 12.5%, West : 10.3%, East : 20.6, May, 2005) is worse than Japan (4.4%, July, 2005).

We need to make effort to explain well about the problems on fiscal expenditure, aging and international security system in Japan relating globalization. The policies on depression and social security are weak points of the neo-liberal. By now, they have made their getaway these years. They succeeded to hide many troubles behind the problems on the fiscal deficit and PCPT like a magician in a theater on summer of 2005. But any difficulties have not been dissolved yet. A new political stage will come soon even in Japan.

【註】

本稿の内容は、基本的には2003年5月、筆者がカナダのブリティッシュ・コロンビア州立ビクトリア大学社会学部に客員教授として滞在した際、同大学の教員、大学院生に対して行った何度かの報告と彼らとの討論に基づいている。日本の政治経済問題に関する英語文化圏で入手できる英語で書かれた資料、文献はほとんど日本政府の政策を支持するあるいは新古典派的原理に基づいて非妥協的な政策実施を求める研究者のものばかり

りであり、筆者の問題提起はラディカルな立場を示す現地の政治経済学諸分野の研究者との討論素材として有益であったように見える。カナダはアメリカと強い緊張関係を持ち、社会的に「非米・反米」の感情が強く、アメリカから生まれてくる諸言説に対する抵抗力がきわめて強い。社会科学者の過半がラディカルではないかと思われる。そのカナダの社会科学者の意見は、日本の状況を世界システムに置いて把握しようとする筆者にも大いに有益であった。しかし、カナダでも本稿で批判的に扱った「ロビン・フッド史観」（あるいは「水戸黄門史観」、即ち悪人とその追従者が権力を掌握し悪政を行うので人々が不幸になり、高德の権力者あるいは善良な民衆が悪徳権力者を追放することで良い社会が生まれるという社会観）が大衆および体制批判的な人々の間にも強い。“社会システムの内部で、そこでの諸利害関係を土台とする様々な「言説」(discourse 思想、心理、感情、政策、運動や活動の総体)が形成される”という視点で、特定の利害諸関係を生み出す社会の構造と言説との対応に着目して社会分析を行う筆者の立場はそれと対立的であった。しかし、同学部教授 ウィリアム・キャロルは、言説の基盤と担い手を相対的に区別して政治・社会運動を分析しているが、彼の立場は筆者のそれとほとんど同じである。彼の主張は大きな支持を受け、広く影響を与えているが、このことは、カナダ・ラディカルが代替戦略の原理的・政策的・思想的研究にきわめて積極的であることを示している。ロビン・フッド史観では、誰が悪いやつか、暴き出し、これを糾弾する以上の知的成果は生み出し得ない。なぜ「悪人」に大衆がついて行くのか、これを悪人の詐術と大衆の無知の故とするのであれば、社会科学は成立しない。民主主義制度のもとにおける独裁者の出現や歴史的に一度は敗北した新古典派的な言説が再び勝利するのはなぜか、そのメカニズムの分析こそが現代社会科学の最重要な課題の一つであろう。

筆者のもう一つの問題提起、戦後ブレトン・ウッズ体制（対外的対内的ケインズ主義、平和共存の冷戦構造）は帝国主義的競争、世界恐慌、世界大戦の悲劇的教訓を得て創出された歴史的システムであり、反グローバル化戦略構築においてその積極的側面を継承しなければならないとする問題意識（ケインズ理論の積極的評価）は、潜在中の議論でも彼らに十分理解されたとはいえない。カナダ・ラディカル派社会科学者のほとんどは経済学をその専門領域とはしていない。ブレトン・ウッズ体制を凡アメリカ帝国主義と反社会主義の制度と理解してきた多数派マルクス主義の心情はカナダでも強い。ブレトン・ウッズ体制が崩壊し、それに代わるグローバル化システムが出現した今日、ブレトン・ウッズ体制の歴史的・理論的意味を事実と経験を手がかりに再検討してみる必要があると筆者は考える。